Retail Media and the Role of CDP

Learn how a CDP will drive growth for Retail Media

ZEOTAP CDP

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Introduction

In the fast-evolving landscape of retail, companies are constantly seeking innovative ways to optimise their marketing efforts and enhance customer engagement.
A future where every click reflects our desires, and technology and data come together to shape enjoyable shopping experiences, is already a reality with Retail Media, a powerful tool that allows brands to connect with consumers at various touch points throughout their shopping journey.

Retail Media isn't just a buzzword; **it's a paradigm shift**. From the days of in-store ads to its current avatar, it's a journey of transformation. This evolution is not just a change; it's a leap into a world where every advertisement is an opportunity, a connection, a moment. We can see Retail Media as a bridge that brings together the power of customer data with the strategic vision of marketing, creating experiences that are not just relevant but also resonate, so that **buying won't be just a transaction, but an experience tailor-made for each customer**.
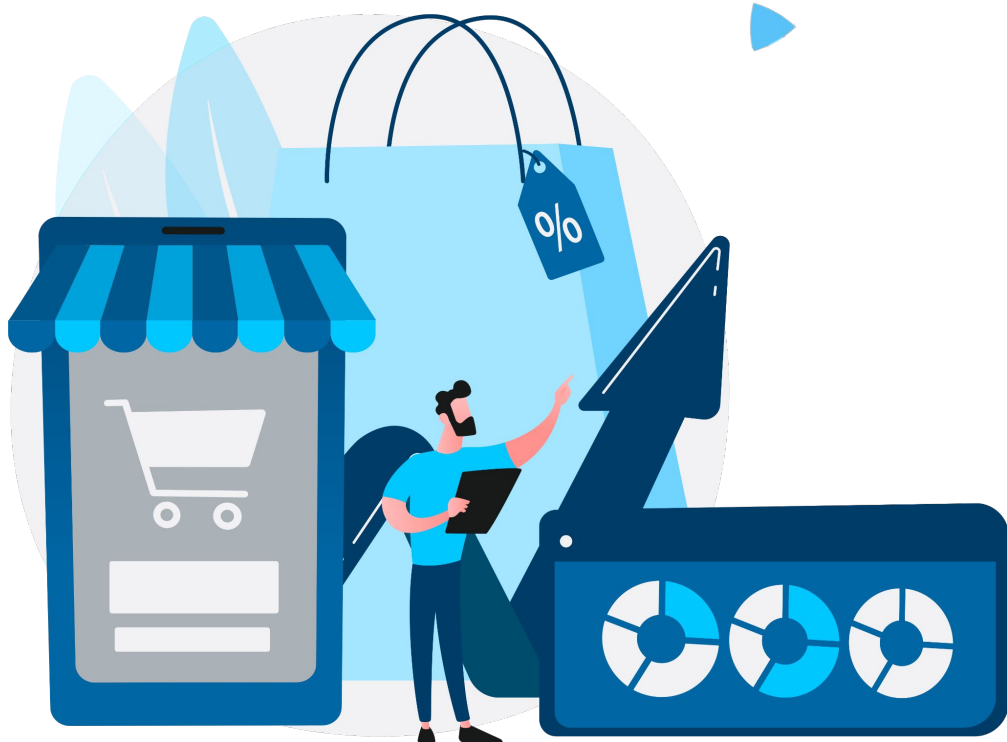
What is Retail Media?

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In its broadest sense, Retail Media relates to any promotional marketing placed by brands at or near the point of sale, whether that is in a physical store environment or on a retailer or ecommerce website. Nowadays **in the digital world, Retail Media refers to the ads placed on a retailer's ecommerce site or app by a brand in order to influence the customer at the point of purchase.**

Retail Media has been around for decades now, only it was back in the days focused on advertising space in physical stores. Remember the info brochures in your newspaper or the Coca-Cola display in the local supermarket? That is what Retail Media was before companies used the concept for their online as well as offline presence to monetise their inventory. If you visit sites like Zalando or Amazon you can easily spot the advertised products by searching a product or within a category.

We can say that **Retail Media represents a transformative approach in marketing, where retailers use their digital platforms to offer advertising space to brands. This concept harnesses the power of customer data, enabling personalised and targeted marketing strategies directly within the retail environment.** As an intersection between retail and advertising, Retail Media offers a unique opportunity for brands to engage with consumers in a more relevant and contextually appropriate manner, especially now that, with the cookie depreciation, first-party data and exclusive ad spaces are becoming increasingly important.

The driving factors behind the growth of Retail Media

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If we look at some rstudies we can see a clear paradigm shift in advertising. A McKinsey's research highlights a significant trend: 87% of Consumer Packaged Goods (CPGs) - key investors in retail media - plan to amplify their advertising spend on Retail Media networks. A key reason for this increase, according to 70% of respondents, is a superior Ad performance in Retail Media compared to other channels.

The Trade Desk's findings align with this trend, showing that 74% of brands have allocated specific budgets for retail media networks. Furthermore, IAB Europe reports that a remarkable 92% of advertisers are actively collaborating with retailers for consumer outreach through retail media.

Why is Retail Media so important?

There are four major factors that are propelling the growth of retail media:

1. **New Revenue Imperatives for Retailers:**
   Research by Alvarez & Marsal reveals a decline in European retail market profitability, with pre-tax profit margins dropping from 6.4% in 2015/16 to 4.5% in 2019/20. This decrease is linked to the shift towards online shopping, which correlates with reduced profit margins.

2. **Brands Facing Growth Challenges:**
   In low-growth, highly competitive markets, brands are under pressure to drive sales. The rise in living costs and inflation, exacerbating these challenges, has prompted brands to explore innovative partnerships with retailers within the flourishing retail media landscape to boost sales.

3. **Shift Away from Third-Party Cookies:**
   The diminishing role of third-party cookies in consumer targeting has acted as a catalyst for retail media's expansion. Retail media offers an alternative through the use of first-party transactional and behavioural data, presenting a more privacy-conscious approach to targeting that is becoming increasingly valuable.

4. **Changes in Consumer Online Behaviour:**
   As online shopping habits evolve, so do the platforms consumers use for product discovery. A Research by Criteo found that two-thirds of online product searches in the U.S. start on retailer sites. InRiver's study echoed this, revealing that 44% of product searches begin on marketplaces like Amazon, compared to 19% on search engines and 9% on brand websites. These shifts provide brands with new opportunities to engage consumers through retail media channels.

Retail Media: Transforming Digital Advertising

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Retail Media is redefining how brands engage with consumers. This form of advertising is the digital equivalent of in-store promotions, positioning your brand at the most influential stage of the digital consumer's decision-making process. This is the reason why Retail Media offer a unique opportunity for brands, that can advertise directly to a relevant audience at the crucial point of their shopping journey. This proximity to the point of sale means a higher likelihood of conversion, as your customers are actively seeking products similar to yours.

Benefits for Brands

Retail Media is reshaping the interaction landscape between shoppers and brands, showing some unique advantages:

1. **In-Depth Data:**
   Retail Media capture first-party data on buyer behaviour during sales, providing more reliable insights than third-party cookies. With the phasing out of third-party cookies, this approach is not only effective but future-proof.

2. **Direct reach at digital point of sale:**
   Brands can engage their customers precisely where it matters most. Their campaigns can be meticulously measured and linked to both online and offline sales, offering unparalleled precision in targeting and effectiveness.

3. **Clear Conversion Tracking:**
   The integration of ad impressions and sales on the same platform allows for precise tracking of advertising impact. This delivers transparent ROI insights, enabling more effective allocation of marketing budgets towards the most profitable strategies.

4. **Next-Level Personalisation:**

   Retail Media enables tailored messaging to enhance sales, improve ROI, and offer a seamless customer experience. Brands can further personalise their outreach to attract different customer segments, effectively drawing in new customers and introducing existing ones to new products.

5. **Perfectly Timed Ads:**

   The platform targets consumers who are actively shopping, making it an ideal moment for brand promotion. This results in immediate conversion opportunities.

6. **Enhanced product visibility:**

   This approach ensure that products stand out on the digital shelf, maintaining and growing your brand's equity in a competitive online market.

7. **Brand-safe environments:**

   By executing your campaigns in controlled, brand-safe environments, Retail Media ensures that your brand's integrity and message are maintained.

Benefits for online Retailers

For online retailers, Retail Media opens up a significant new revenue stream, especially vital considering the shrinking profit margins in the consumer packaged goods (CPG) industry.

Exploring Retailers' benefits we can highlight 3 main points:

1. **New revenue streams:**
   Retailers can capitalise on new and unique advertising inventory formats that extend beyond traditional shopper marketing, adding a valuable revenue stream.

2. **Direct control over inventory and data:**
   Retailers can sell advertising space directly to brands and maintain control over who accesses their inventory and data, ensuring a strategic approach to Ad placements.

3. **Positive shopper experience:**
   Retailers can maintain control over the Ad experience, ensuring that it contributes positively to the shopper's journey and overall experience on the platform.

The essential role of CDP in Retail Media strategies

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The modern **consumer expects seamless cross-channel experiences**; irrelevant or repetitive communications are unwelcome. Understanding and dynamically orchestrating user interactions across various channels is key to creating meaningful connections between brands and consumers. **A good Retail Media strategy relies on a delicate balance between user experience and commercial objectives**, with the former typically taking precedence.

Custom Data Platforms (CDPs) play a pivotal role in the success of Retail Media, as they encompass the collection, integration, and orchestration of data, which are essential elements of a successful Retail Media strategy. CDPs are, in fact, the type of software that aggregate customer data collected from a variety of sources, structure it into central customer profiles and then share data with other marketing technology systems.

In other words CDPs allow retailers to create a comprehensive and unified customer profile, which can be used to segment customers based on their preferences, behaviors, and demographics. **The end result is the ability to not only manage data in a compliant and structured way, but also to be able to efficiently deliver targeted, personalised experiences at scale across the whole of the customer journey, bringing commercial outcomes in no time.**

Besides that, the phasing out of cookie-based targeting in 2024 further propels the significance of CDP in retail media, since Data Management Platforms (DMPs) struggle to support a first-party data model due to their reliance on cookies. For years, they have been inadequate in providing non-cookie based identifiers and real-time segment orchestration. A CDP, however, empowers the ingestion and unification of first-party data, enabling dynamic segmentation across platforms without depending on static customer lists.

Enhanced benefits of CDP integrations in Retail Media

There are several benefits in integrating a CDP into a Retail Media Strategy. Below we listed the major factors:

1. **360-Degree Customer View:**
   CDPs amalgamate data from varied touchpoints, offering a holistic view of each customer. This data aids retailers in comprehending customer behaviour and preferences, crucial for effective marketing.

2. **Enhanced Segmentation for Unique Customer Experiences:**
   Retailers can create various audience segments using behavioural data, personalising messages and campaigns. This segmentation can be based on purchase history, spending patterns, and customer loyalty, enabling activation of relevant ads.

3. **Personalisation and Targeted Advertising:**
   CDPs empower retailers to provide highly personalised ads. Understanding customer interactions enables relevant product recommendations, bolstering the likelihood of conversion. Additionally, CDPs facilitate precise segmentation, allowing targeted advertising to specific customer groups.

4. **Ad Attribution and Cross-Channel Integration:**
   Tracking the customer journey from ad exposure to purchase, CDPs yield insights for optimising ad spend. They also ensure consistent messaging across channels, fostering a seamless customer experience.

5. **Customer Retention and Loyalty Programs:**
   CDPs identify at-risk customers for re-engagement and help in offering exclusive rewards to loyal customers.

6. **Re-engagement Campaigns:**
   CDPs can trigger campaigns to re-engage inactive customers, highlighting brand offerings and incentives for return.

7. **Data Security and Customer Privacy:**
   With growing concerns about data breaches and regulatory compliance like GDPR, CDPs help in creating secure, compliant customer lists, ensuring data security and prioritising consumer privacy.

Why Zeotap CDP for Retail Media?

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Customer Data Platforms as a powerful tool for managing customer data, are not all the same. CDPs can vary in terms of their capabilities, ease of use, and cost. Implementing a CDP can be a challenging and a time-consuming process. Additionally, not all CDPs are equipped to handle the same types of data or to integrate with the same martech stack, so it's important to carefully evaluate your options and choose a CDP that is well-suited to your business.

Zeotap CDP is an easy, secure and impactful Customer Data Platform that empowers brands to integrate, unify, segment and orchestrate customer data now and in the cookieless future, all while putting consumer privacy and compliance front-and-centre. Zeotap CDP makes it easier than ever for businesses to gain commercial success with minimal effort, thanks to an intuitive interface which prioritises simple use cases that drive results in only 8 weeks. Zeotap easy-to-use platform, made for marketers, ensures a frictionless deployment and quick value impact. With its native integrations on Google Marketing Platform (GMP), Google Cloud Platform (GCP), and over 200 additional connectors, reduces operational costs and ensures constant segment updates with relevant customer data.

On top of that, Zeotap provides powerful identity stitching strategies so marketers can build segments without coding or technical skills required, all wrapped up by their commitment to privacy above all else!

"Choosing the right vendor for us hinged on three key factors. Foremost was the assurance of safety and privacy - a shared philosophy deeply ingrained in our German vendor's DNA, ensuring our client data is protected at all costs. Ease of use was another crucial element; the most sophisticated tools are ineffective if they aren't user-friendly and embraced by our teams. The third aspect was urgency – the need to get started swiftly, prioritizing out-of-the-box integrations and connectors. Lastly, the human factor played a vital role: effective communication, collaborative interaction, and mutual trust were paramount in our decision-making process."

Jessica Wegner, VP New Business and Retail Media @DOUGLAS

Watch the video interview

Zeotap CDP can be the best solution for Retail Media thanks to:

Data Monetisation Heritage: Zeotap started in 2014 as a German data provider, and that is why Zeotap has data monetisation in its DNA. Since then, Zeotap has been one of the leading data monetisation providers in Europe and has developed its CDP from these roots.

Ease of Use: Zeotap is designed for hands-on marketers to easily build and activate segments or orchestrate real-time journeys, no coding or technical skills required.

Data Extension capabilities: Zeotap CDP has developed a unique sophisticated identity stitching & extension for higher match rates in digital marketing, Retail Media and personalisation use cases.

Cookieless ID: Zeotap CDP provides a proprietary global universal ID solution (ID+) for a cookieless readiness and supports other IDs agnostically.

Native Integrations: As Zeotap comes from the data monetisation business, Zeotap CDP features all relevant AdServer, AdTech, Social and MarTech integrations including Data Clean Rooms.

Privacy above all Zeotap CDP has been conceived in Germany and developed for stringent European regulation to ensure privacy and security above all.

In conclusion, Customer Data Platforms like Zeotap CDP are not just tools for data management; they are integral to the success of retail media. By providing a comprehensive view of the customer, enabling personalisation, and ensuring data security, CDPs are critical for retailers aiming to deliver impactful, privacy-complaint customer experiences.

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Learn more about Retail Media and CDP.
Download our Free Guide

Retail Media Blueprint: Elevating Strategies with Zeotap CDP

Download now

Many international Retail Brands have already chosen
Zeotap CDP to grow their business

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ZEOTAP

Founded in 2014, Zeotap's mission is to make customer data easy, secure, and impactful. It empowers the world's most innovative brands to deliver personalised omni-channel customer experiences more efficiently while ensuring compliance.
Today, Zeotap owns three data solutions.

ZEOTAP CDP   **ZEOTAP** Data   **ZEOTAP** ID+

Zeotap CDP is a customer data platform for hands-on marketers to achieve meaningful business outcomes. It has been designed for comprehensive 360 customer identity, rapid deployment, low-latency real-time performance, and superior out-of-the-box connectivity, in a privacy-first world. **Zeotap Data** offers persistent, people-based and deterministic audiences built from over 500 million unique IDs, with more than 1bn data data points refreshed daily. Leveraging exclusive data partnerships from the telecoms sector, Zeotap Data is fully-consented, GDPR and ePrivacy compliant and is not reliant on third party cookies for scale or reach. **Zeotap ID+** is a universal marketing ID initiative that paves the way for addressability in the cookieless future.

Zeotap works with the world's top brands including: **Virgin Media O2**, **Rewe**, **Douglas**, and **TIM**.

Privacy and Security is in our DNA

Designed in Germany and developed for stringent European regulation

Industry Recognitions

Best Data Enabling Technology	Best in 1P Data Integration	Certified CDP	RealCDP Certificate	Cool Vendor in Advertising	Tech Pioneer of the Year
ADEXCHANGER	**ADWEEK READERS' CHOICE**	**CDP INSTITUTE**	**CDP INSTITUTE**	**GARTNER**	**CAMPAIGN TECH AWARDS**

Contact us

info@zeotap.com - www.zeotap.com